

As the Director of Tax Planning and Tax Counsel for CMS Energy, I would like to express support for Senate Bill 538.

I would like to start by thanking Senator Brandenburg for sponsoring Senate Bill 538 and for Chairman Graves and his fellow Committee members here today for taking time out of their busy schedules to consider this bill.

Senate Bill 538 is the result of many hours of hard work by several members of the Department of Treasury and from the members of the unclaimed property task force - Stryker, Steelcase, SpartanNash and Consumers Energy. These four businesses combined employ approximately 21,000 people in Michigan.

If Senate Bill 538 is enacted, Michigan will lead the way in the efficient administration of escheats audits. These audits, as currently conducted, consume an enormous amount of time and resources. Our audit, for example, spanned 4 years and required over 1,300 hours of employee time, a number that does not take into account time spent by the Department of Treasury. In other states, such as Delaware, these audits have resulted in a substantial number of lawsuits.

Senate Bill 538, if enacted, will reduce this burden, and avoid similar lawsuits, in a number of ways. First, and most importantly, reducing the current ten-year statute of limitations to four years will remove one of the biggest obstacles to efficiently managing these audits. A ten-year statute of limitations, plus the typical three-year dormancy period, means records have to be produced from thirteen years ago. This exceeds the standard record retention policies employed by most businesses. In addition, the technology used to store records from thirteen years ago may not be easy to access. In our audit, for instance, some of the records requested were available only on microfiche - not even the contingency fee auditor wanted to go there.

Senate Bill 538 also creates a materiality threshold for reporting unclaimed property and sets forth some guidelines to help escheats audits run smoother. These improvements will ease the burden of complying with escheats audits for Michigan holders and make Michigan an attractive place to do business.

I urge you to report favorably on SB 538.

Thank you for the opportunity today to express support for the bill.

Carolee Kvoriak Smith

Director of Tax Planning and Tax Counsel

CMS Energy